

## WHAT SHOULD EMPLOYERS BE DOING TO PREPARE FOR HEALTH CARE REFORM?

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On March 23, 2010 and March 30, 2010, President Obama signed into law health care reform legislation that will make unprecedented changes to our nation's health care system. The new law will have far reaching effects on American people and entities, and in particular, employees and employers. As we begin to digest the 1,000-page law, one of the things that we notice immediately is that the bulk of the new mandates in the law do not take effect until 2014 or later.

One such mandate is the "play or pay" mandates, which will affect both employees and employers. Individual employees, for their part, will be required to obtain certain "minimum essential coverage" (which is a defined term that I will leave for a future post) or pay a penalty to the government (the greater of 1% of adjusted gross income (AGI) or \$95 in 2014, the greater of 2% of AGI or \$325 in 2015, the greater of 2.5% of AGI of \$695 in 2016, and adjusted for inflation thereafter). Employers, for their part, will have to offer the same "minimum essential coverage" or pay a penalty.

Other provisions in the law will not take effect until 2018 or later. However, employers in particular should not take it for granted that they have a few years to spare before the bulk of the law takes effect. Indeed, there are certain things employers should be doing right now to ensure that they are in compliance with the law when it goes into effect. In addition, there are certain parts of the law that will go into effect as soon as this year that employers should be aware of.

One thing that employers should begin familiarizing themselves with immediately is the new reporting requirements under the new law. Beginning in 2011, employers will have to begin including the cost of health, dental, vision and employer HSA and HRA contributions on their employees' W2 forms. Then, in 2012, employers will have to begin reporting the amounts of the health coverage paid to their employees which will be subject to the so-called "Cadillac plan" excise tax (this information must also be reported to insurers and third-party administrators). Finally, in 2014, employers will have to begin reporting health insurance coverage information for each covered employee.

In addition to the government reporting requirements, employers will also have to begin to notify all of their employees of their enrollment and opt-out rights under the new law in 2013-2014. Also, they will have to update their insurance plan documents, forms and procedures to ensure that they are in conformity with the various requirements of the new law.

Accordingly, employers will want to coordinate with their payroll vendors and plan

administrators sooner rather than later to ensure that they are in full compliance as the various deadlines approach. Obviously there is much much more to the new health care bill than what I briefly covered in this post. Employers are certainly urged to consult with a competent employment attorney as they go through the process of getting themselves and their businesses up to speed with this landmark health care legislation